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-- Why need

-- What takes

I believe the decade of the 1980s will be more precarious for this country than we have faced in recent history. / First, because in the '80s, we will face for the first time a Soviet leadership that does not feel militarily inferior to the United States. / Whether that Soviet perception is grounded in fact or fiction, there is very little that even the Congress or the Pentagon can do to change it significantly in the better part of the decade ahead of us. / Consequently, our foreign policy must be based on the perception by the Soviets of military parity with us. Essentially, that means that our relationship with the Soviet Union must be handled differently than in the past. It is a new challenge to us.

Second, the free countries of the developed world cannot expect the same continued high rate of economic growth we have become accustomed to. Traditionally, economic growth in developed countries has been tied to the growth rate of the energy supply. We in the Central Intelligence Agency believe that the developed countries of the Free World will be lucky if they sustain a growth increase in the total energy supply--natural gas, oil, coal, nuclear, thermal, solar, whatever it may be--of 1 or 2% for the better part of this decade. And that may be optimistic. Thus, the rate of energy increase will not sustain gross national product growth rates of 4, 5 or 6%.

Beyond that, we forecast that in 1980 the OPEC countries will cream \$110 billion off the top of international trade. That may not seem like a great deal until you compare it to the 1978 figure which was just \$2 billion. When OPEC increased the price of oil 3 1/2 times in 1974, the OPEC countries generated an enormous cash surplus. But by 1978 two things wore that surplus down to \$2 billion. One, they bought more from us. And, two, inflation adversely affected them as it has us. Their cash surplus has now risen to \$110 billion because within the last 18 months the price of oil has gone up more than 125%. There are clear signs that OPEC is not going to let us eat their surplus away by inflation in the future. We have a different challenge ahead of us.

Thirdly, in the 1980s the mechanisms for handling military, political, and economic problems will work differently. Our NATO and Japanese allies have sound political structures. They are prosperous economically. They clearly want a larger voice in the councils of our alliances. Additionally, the lesser developed, raw material producing countries will be much more intent in the '80s on producing what is in their best economic interests rather than ours. This does not mean that our alliances need weaken nor that there need be strained relations with the lesser developed countries. Instead, it means that we will have to be more astute and more foresighted. To do that we will need better information, better intelligence upon which to base foreign policy decisions.

Can we have better intelligence, which often must be obtained and kept secret, without infringing upon the rights/assured us all in the Constitution?/ I believe so./ But it will require changes in the way/the intelligence community does its business/and, beyond that, it will require new legislative support/to enable us to function effectively/yet guarantee all Constitutional provisions are respected./

Let me start by describing a few of the changes we have already made in how we do our business. We are scrupulous today in avoiding any activity which might intrude on the privacy of an American. While this can be a constraint on obtaining foreign intelligence, I believe we can live with it. For example, if we are tracing flow of narcotics in a foreign country, and a foreign narcotics trafficker becomes involved with an American, either illegally or legally, we must drop the case.

An actual case a short time ago occurred during a rebellion in a lesser developed country. We were having considerable difficulty keeping track of what was happening. The best information came from ham radio transmissions of an American missionary in the country. The question we had to answer before monitoring was, "Does this qualify as illegal electronic surveillance of an American citizen?" Our lawyers debated the points of law and decided that as long as the missionary was using a ham radio band and method of transmission, which in essence is public, it would be legal to listen. But, if he shifted his technique or his frequency in an effort to disguise his broadcast as he well might given the risk under which he was operating then we would have to consider that a desire for privacy and we would have to stop listening.

My legal staff and the Attorney General's very often must consider fundamental issues of law like this in the midst of operational crises. The Attorney General's people have been very cooperative with us in resolving these issues quickly, nonetheless, the obvious result of these kinds of constraints is that the speed and flexibility of our response to crises is reduced.

In most instances, we can adapt reasonably well. However, because the issues are often complex and because my people in the field are generally not lawyers, it can induce over-caution by the individual on-scene. The more complex the legal standards with which intelligence officers must comply, the more the chance is that their initiative will be dulled and the more their flexibility in crisis situations which might involve the lives or the property of American citizens is reduced.

I personally feel that the costs of insuring the rights of the American citizen under the Constitution are bearable and are worth it to us as a nation. There is, however, another cost, a cost that has arisen out of the intense public focus of recent years on the intelligence process which is not worth it. This is the cost which comes from the reduction in our ability to guard national secrets.

Today, there is talk about unleashing the CIA. Unleashing is not what we need, not what we want, not what the Congress will do. What we do seek, because our effectiveness depends upon it, is to be able to protect legitimate secrets better; secrets about how we collect information; who our sources are; and what the information actually is. In four specific areas, we have needed legislative help. Some has been received, but because much of the media reporting on this legislation has misunderstood its intent I would like to take a minute on each to describe what we are seeking and why.

The first concerns covert action. Just in the past few months important legislation has been passed which will protect this nation's covert action capability. As you know, covert action is not really an intelligence function. It is any effort by the United States to influence the course of events in a

foreign country without the origin of that influence being identifiable. Covert action is a dirty word to some, and less than three years ago some people were trying to legislate covert action out of existence. In recent months, the American public and the press have asked more and more "Isn't there something we can do to exert our power, our influence, overseas short of sending the military?" Yes, there is. We can try to influence events peacefully behind the scenes through covert action. Covert action has limitations, but it does have a proper place in our diplomatic portfolio between talking and fighting.

In 1974, Congress passed the Hughes-Ryan Amendment which required that each time the President approved a covert action, I had to notify up to eight committees of the Congress. I assure you it is very difficult to recruit volunteers to undertake a high risk covert operation if I have to admit to them that I am going up on Capitol Hill to tell 200 people about it. That is not to say the Congress is not trustworthy. I do not want to tell 200 people at the CIA about it either if they do not really need to know about it.

The Hughes-Ryan Amendment in 1974 was an understandable effort by Congress to tighten controls on this activity. That may have been necessary and desirable at that time, but since then a rigorous set of oversight procedures has been instituted in the executive and congressional branches which adequately controls covert action. Two committees of the Congress are dedicated exclusively to intelligence oversight. The legislative relief which we sought and received reduced notification of covert actions from eight to those two intelligence oversight committees. This still ensures effective accountability, and,

in fact, not even reduces substantially the number of committees that know/because on the two intelligence committees are representatives of the other six committees./ So if there is a legitimate jurisdictional need to know about a covert action, there will be members on their committees who can so inform them./ This is an important step in bringing covert action back into the realm of the feasible/while clearly providing for its responsible use through accountability./

The second area and one where we still need relief/is from the Freedom of Information Act./ The problem here is more one of perception than of fact./ Our foreign sources/and the foreign intelligence agencies with whom we cooperate/are not persuaded today/that their identities and the information they give us/can be kept secret/under the Freedom of Information Act requirement./

In fact, it can./ Under existing law, we are not required to release information about our sources./ But that protection is continually being challenged in the courts./ Our agents wonder how much longer/we will win those cases./ As long as they perceive that there is a risk to them/from the Freedom of Information Act, our operations will be hampered./

Again, we don't want a blanket exemption./ We are asking for an exemption only for information/which identifies our sources/so that we can assure those sources that they are specifically exempt./ While this need to protect sources is an area of intelligence work/that should be better understood by the media than by others,/they have chosen to regard themselves as the only profession with sources to protect./

The third area is of very serious personal concern to me. It is unreasonable, in my opinion, to ask Americans to work for the CIA abroad, especially in the lawless climate that exists today, where our people's lives are frequently on the line by the very nature of the work that they do, if we cannot at least protect their identities from our enemies.

Yet today people like Philip Agee, whose avowed purpose is to destroy the Central Intelligence Agency, can deliberately and callously disclose the identities of American intelligence officers and our sources with impunity. Richard Welch, our chief of station in Athens, was murdered in 1975 shortly after his identity was disclosed. This past summer one of Agee's cohorts, Louis Wolf, went on television in Jamaica, showed the pictures of 15 employees of the American Embassy, gave their names, their telephone numbers, their addresses and their license plate numbers. Two nights later the home of one of them was bombed and machine-gunned. Two nights after that there was an abortive attack on another.

It makes no sense to call for better intelligence and then not provide elemental protection to those who collect that intelligence.

The history of proposed legislation to correct this situation has been controversial and will continue to be so.

The consensus legislation that is now drafted is a good compromise. It is very narrow so as not to infringe upon the freedom of speech. It would first apply to those who have had authorized access to classified information and then disclose it. But it would also apply to anyone who discloses protected intelligence identities if he or she does so as part of a deliberate effort to impair or impede our foreign intelligence activities.

Lastly, important legislation has just been passed to prevent "gray mail." Gray mail is when a defendant demands that the government produce all manner of perhaps irrelevant classified information in the course of a prosecution in the hope of dissuading prosecution. Unfortunately, there have been cases when such disclosure would have damaged the United States more than would have been a withdrawal of the prosecution, and we have had to withdraw.

The gray mail legislation will enable the government to prevent the unnecessary disclosure of classified information through pre-trial rulings and other means.

Let me sum up by saying that any intelligence function in this country will always be the cause of a dilemma. On the one hand, we are striving for an ideal: an open society where government processes are as open as possible. On the other, every responsible American recognizes the necessity for an essentially secret intelligence service to prevent our country from being surprised or threatened. Can the ideal and the necessity coexist?

I believe they can. I believe they must. The issue is not the leashing or unleashing of the Central Intelligence Agency. The issue is whether we can equip our intelligence agencies with both the legal and the practical tools to do an effective job in a changing world and, at the same time, require them to adhere to the legal and ethical standards on which our country was built.

I believe we can do both. Rigorous oversight procedures instituted in both the executive and congressional branches over the past three years have given Americans reason to be confident that their intelligence activities are in consonance with national policy and accountable to the people through their

elected representatives. / At the same time, with the growing understanding and support of the American public, / and with the passage of the legal remedies I have described, / we will continue to be the most effective intelligence service in the world. /

We are moving surely, steadily in the right direction. / But we all must continue to support a strong intelligence capability / so that we can learn about and interpret events in other countries. / We will very much need to be able to do that throughout the precarious decade that lies ahead. /

Thank you very much.